

# **ATLAS CORPORATION**

**1984 ANNUAL REPORT**

## Atlas Corporation

353 Nassau Street, Princeton, N. J. 08540  
Telephone (609) 921-2000

### Board of Directors

EDWARD R. FARLEY, JR.\*  
*Chairman of the Board and President*

MICHAEL BONGIOVANNI†  
*Vice President*  
*Squibb Corporation*  
*Pharmaceutical and Health Care Products*

WALTER G. CLINCHY  
*Consultant*

ANDREW DAVLIN, JR.  
*President*  
*Davlin & Co., Inc.*  
*Management Consultants*

JOHN J. DWYER\*†  
*Partner, Thompson, Hine & Florey*  
*Vice Chairman of the Board and Director*  
*Oglebay Norton Company, Shipping and Mining*

JEROME S. KATZIN†  
*Advisory Director*  
*Shearson Lehman/American Express Inc.*  
*Investment Bankers*

EDGAR M. MASINTER\*  
*Attorney whose professional corporation is a*  
*partner of Simpson Thacher & Bartlett*

\* *Member of the Executive Committee*

† *Member of the Audit Committee*

### Officers

EDWARD R. FARLEY, JR.  
*Chairman of the Board and President*

GLEN R. ELKINS  
*Senior Vice President*

### Transfer Agent and Registrar

Manufacturers Hanover Trust Company  
P.O. Box 24935  
Church Street Station, N. Y. 10249

*Common Stock and Option Warrants*

### Counsel

Simpson Thacher & Bartlett  
One Battery Park Plaza, New York, N. Y. 10004

### Auditors

Ernst & Whinney  
153 East 53rd Street, New York, N. Y. 10022

### 10-K Report

A Copy of the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission will be provided to stockholders without charge upon written request to the Treasurer, Atlas Corporation, 353 Nassau Street, Princeton, N. J. 08540



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## PRESS RELEASE ISSUED BY ATLAS ON GOLD DISCOVERY

**PRINCETON, NJ, September 6, 1984** — Atlas Corporation (NYSE) today announced that a substantial quantity of gold-bearing ore has been discovered by surface drilling on its Gold Bar properties in central Nevada. On the basis of independently calculated geological estimates, it is currently believed that at least 250,000 ounces of economically recoverable gold have been discovered.

The ore begins in some places at a depth of 5 feet below the surface and has varying thicknesses of up to 265 feet. It is believed that the ore contains an average of about .09 ounces of gold per ton.

The ore body has not yet been delineated fully and additional drilling and assaying are underway to determine its full extent, Edward R. Farley, Jr., chairman and president, said.

Atlas currently expects to begin commercial production from the properties before the end of calendar 1985. Management believes that the ore can be mined and processed profitably at a price of \$250 per ounce of gold. The market price for an ounce of gold has remained at about \$350 for several months.

Management does not foresee any problem in financing any capital expenditures required to bring these reserves into production, Mr. Farley stated.

Atlas owns or controls approximately 34,000 acres surrounding the Gold Bar deposit. Because currently available geological information justifies it, the company

intends to continue to explore for other gold-bearing deposits on these properties, the Atlas chairman declared.

Atlas' right to the properties on which the discovery was made is derived mainly through unpatented lode mining claims, he stated. Except for three small areas which are not included in the area containing the present ore body, there are no outstanding royalties or other interests on the properties involved, he added.

"This discovery is a direct result of a carefully planned program begun in 1981 to explore for precious metals, including particularly gold and silver. It is important because it should enable Atlas to enter into a new natural resources business which should produce both significant profits and cash flow," Mr. Farley said. "It comes at a very fortunate time for Atlas, because the expected profits and cash flow should enable Atlas to continue to keep its Moab, Utah uranium and vanadium mines and processing plant on stand-by and to delay large expenditures to bring the Farley uranium project (formerly known as The Bullfrog) to fruition until both the market and price for U308 return to satisfactory levels," Mr. Farley stated. "Because gold is such a readily marketable product and because we can begin to mine the Gold Bar reserves as an open pit operation, profits and cash flow from the Gold Bar should be achieved soon after production begins," he concluded.

In addition to its natural resources operations, Atlas is engaged in various manufacturing and services businesses.



## **To the Stockholders of Atlas Corporation:**

While Atlas Corporation did not have a profitable year in its fiscal year 1984, which ended on June 30, 1984, mainly because of the depressed state of the market and price for U308 in concentrate, the discovery of an important body of gold-bearing ore in Nevada, which is described in the press release announcing this discovery printed on the preceding page of this report, should have substantial and long-range importance for the Company. I urge you to read that press release.

In fiscal 1984 the Company had a net loss of \$3,891,000, or \$1.31 per share, compared to net income of \$19,357,000, or \$6.54 per share, in the prior fiscal year. The net loss for fiscal 1984 included a write-down of the value of uranium inventory on hand of \$2,268,000, or 77¢ per share, to take account of the current low market price for U308 in concentrate, while 1983 net income included an extraordinary credit of \$3,400,000, or \$1.15 per share. Revenues for fiscal 1984 were \$41,453,000 compared to \$94,066,000 for fiscal 1983.

The Company made no significant sales of U308 in concentrate during fiscal 1984. Significant sales of vanadium were made but, in view of the distressed state of both the market and price for both of these products, in February 1984 the decision was made to shut down temporarily the operations of the Company's Moab, Utah uranium and vanadium processing plant and the Company's mines which provide the ores for it. This shut-down was completed in April 1984.

In fiscal 1984 the Company did enter into a new contract with Public Service Electric & Gas Company to sell a total of approximately 750,000 pounds of U308 in concentrate with deliveries to be made in the month of January in each of the years 1985 through 1989 in approximately equal annual quantities. The Company has enough U308 in concentrate on hand to meet the deliveries required by this contract, and it still has additional uranium, as well as vanadium, in inventory. Company management will continue to watch market price levels and demand for each of these products closely and will attempt to make sales of these products when it seems desirable to do so in the best interests of the Company.

### **OUTLOOK FOR FISCAL 1985**

At this time management cannot predict whether the Company will achieve profits in its fiscal year 1985. The price levels of U308 in concentrate and vanadium pentoxide and the Company's ability to sell some of its current inventory of these products will be the most important factors in determining that. It currently appears that, apart from its Minerals Division, each of the Com-

pany's other four Divisions will be profitable and will achieve higher profits than they did in fiscal 1984.

### **THE CURRENT STATUS OF THE NUCLEAR ENERGY INDUSTRY AND THE COMPANY'S PART IN IT**

At the end of calendar 1983, in the U.S., Japan and the European non-communist countries combined there were over 243 operable nuclear reactors, 14 more than at the end of calendar 1982. Also, at the end of calendar 1983 138 new reactors were under construction, and 32 were in the planning stage.

In the first 8 months of calendar 1984, 4 nuclear power plants began commercial operation in the U.S., and another 4 were granted full power operating licenses by the Nuclear Regulatory Commission. Thus, the nuclear power industry continues to grow, both domestically and throughout the Free World. It is also continuing to grow in the communist countries as well.

The Company and some of the other domestic producers of U308 in concentrate are making strong efforts to have our Federal Government take steps to provide some protection against foreign competition for our industry. Management believes that under the law domestic producers of U308 in concentrate are entitled to such protection under current circumstances. The Company is also supporting strongly the enactment of legislation which would reduce the over-burdensome rules and regulations currently applicable to the construction of domestic nuclear power plants and which stretch out unnecessarily the time required to construct such plants. It is too early to predict whether these efforts will be successful, but Company management believes that some of them will be. Any success in these efforts should be beneficial to the Company and its future.

The state of the market and price for U308 in concentrate will determine when the Company will restart its Moab processing plant and reopen the mines which provide ores for it. As part of the plan, referred to above, to put the operations of the Moab plant and the mines which feed it on stand-by, strong efforts were made to retain the nucleus of the experienced and effective staff of employees who had operated that plant and run those mines. It is believed that the mill and mines can be back in production within six weeks of a decision to reactivate and reopen them.

In the meantime, the Company continues to consider the acquisition of additional uranium ore reserves in areas economically shippable to the Moab plant. In fiscal 1984 additional reserves of uranium were acquired in the Green River, Utah area in properties contiguous to one of the Company's mines, from which these additional reserves can be mined. The purchase price involved consists only of an obligation to pay



royalties if and when these reserves are mined and processed.

Studies as to the feasibility and economics of mining the Farley uranium and vanadium deposit in Utah (formerly called The Bullfrog) and to build a plant to process the ores involved are continuing, although a decision to begin to effectuate such plans is contingent on the future state of the market and price for U308 in concentrate.

Because of their high production costs and low prices for U308 in concentrate, most of the Company's conventional domestic competitors in the business of producing that product have either terminated their uranium producing operations or reduced them significantly, and several of them will never resume production. At one time there were 26 domestic uranium processing plants in operation. That number is now 9, and all of them are operating at well below 100% of their capacity. It is probable that the number of uranium processing plants in operation in this country three years or so from now will not exceed 4. When the Moab plant and the mines which feed it are reactivated, the Company should still be one of the lowest cost important producers of U308 in concentrate in the U.S., and the same should be true as to the Farley deposit when it is brought on stream. Therefore, it is expected that the Company will in the future have less domestic competition in attempting to achieve sales of U308 in concentrate than it has had in the past. Its major competition will continue to be from high-grade, low-cost uranium reserves in western Canada and Australia.

### **Company Operations**

The Company has five Divisions, one of which is in the natural resources business, three in manufacturing businesses and one in the services business. Details concerning the operations of each of these Divisions are as follows:

### **Natural Resources**

#### **ATLAS MINERALS DIVISION**

The Atlas Minerals Division has an executive office in Grand Junction, Colorado, its main operating office in Moab, Utah, and a precious metals exploration office in Reno, Nevada.

The main business of the Division is selling U308 in concentrate and vanadium pentoxide produced by processing in the Company's Moab plant Company owned and controlled uranium ores and ores bought from others. As indicated above, in fiscal 1984 the Division sold only 308,000 pounds of U308 in concentrate and 2,783,000 pounds of vanadium pentoxide.

As stated in the press release set forth earlier, feasibility and economic studies are proceeding concerning the mining of the Gold Bar ore reserves and construction of a plant to process them and to produce gold. Strong efforts are being made to bring this project to fruition within a year. In the interim, the Company will continue to explore for other gold-bearing reserves on the Gold Bar properties and to explore for or attempt to acquire other properties bearing precious metals.

The Minerals Division sales were significantly lower in fiscal 1984 than they were in fiscal 1983 and it incurred a loss in fiscal 1984, while it had a significant profit in the prior fiscal year. It is too early to predict whether the Minerals Division will achieve profits in fiscal 1985.

### **Manufacturing**

#### **BROCKTON SOLE & PLASTICS DIVISION**

The Brockton Sole & Plastics Division produces plastic, molded fiber, leather and rubber products mainly for the shoe industry and the sporting goods industry. It has two plants in Massachusetts and one in Tennessee. In fiscal 1984 sales of the Division were higher than in the prior fiscal year, but profits were lower. It is expected that, because of the current continued recovery of our domestic economy, both the Division's sales and profits will be higher in fiscal 1985 than in fiscal 1984.

#### **ATLAS BUILDING SYSTEMS DIVISION**

The Atlas Building Systems Division (formerly called the Camden Lime Company Division) produces precast concrete, prestressed concrete systems and central mixed concrete at three plants in New Jersey. It also sells masonry building supplies. It markets its products in New York, New Jersey, Delaware and Pennsylvania.

The Division achieved higher sales and profits in fiscal 1984 than it did in fiscal 1983. Because of the continued recovery in our domestic economy, it is expected that the Division's sales and profits will again be higher in fiscal 1985 than they were in fiscal 1984.

#### **WESTERN SKY INDUSTRIES DIVISION**

The Western Sky Industries Division manufactures at its plant in Hayward, California, plastic and metal products used widely in the aircraft and automotive industries, as well as in other industries.

The Division's sales and profits in fiscal 1984 were both higher than they were in fiscal 1983, mainly because of the improvement in the domestic automotive industry. It is expected that the Division's sales and profits will be higher in fiscal 1985 than they were in fiscal 1984.



## Services

### INTERNATIONAL ATLAS SERVICES DIVISION

The services business of the Company is conducted by its International Atlas Services Division headquartered in Oakland, California.

The principal asset of this Division is its 55% interest in Global Associates (Global), a joint venture in which the Division is the managing venturer.

Global is a leader in the business of providing "life support" services, which include food services, housing administration and maintenance, medical and dental services, transportation (air, sea and land), facility operations and maintenance, fire protection, recreation services and security services.

Global provides such services under contracts to a number of domestic and international customers, both governmental and private. Major customers include the U.S. Army, the U.S. Navy, the U.S. Department of Agriculture, the Republic of the Marshall Islands, Governmental Royal Commissions in Saudi Arabia and Arabian American Oil Company (ARAMCO).

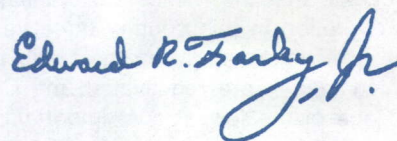
Global conducts its operations in Saudi Arabia through a wholly-owned Bermudian subsidiary, Global Associates International Ltd., in partnership with a Saudi Arabian company. The partnership operates under the name of TAFGA.

Global's headquarters are also in Oakland, California. It has branch offices in Honolulu, Hawaii and at operating sites in South Carolina, Pennsylvania and Saudi Arabia.

The International Atlas Services Division had lower profits in fiscal 1984 than it did in the prior fiscal year, mainly because of reduced business and operating problems in Saudi Arabia. It is currently expected that the Division's profits in fiscal 1985 will be higher than they were in fiscal 1984.

## General

The annual meeting of the stockholders of the Company will be held in New York, New York, at 9:30 a.m. on November 7, 1984. Details concerning the meeting are contained in the notice of that meeting and the related proxy statement, both of which are being mailed to you along with this report.



EDWARD R. FARLEY, JR.  
*Chairman of the Board and President*

September 18, 1984



## Consolidated Statements of Income and Retained Earnings

For the years ended June 30

	1984	1983	1982
Revenues:			
Sales .....	\$35,853,000	\$87,071,000	\$105,520,000
Service contract fees earned .....	1,302,000	3,123,000	3,062,000
Interest and other income .....	4,298,000	3,872,000	3,533,000
	<u>41,453,000</u>	<u>94,066,000</u>	<u>112,115,000</u>
Costs and expenses:			
Cost of sales .....	32,234,000	46,867,000	53,184,000
Depreciation, depletion and amortization .....	3,624,000	5,338,000	11,489,000
Exploration and prospecting costs .....	2,492,000	2,374,000	2,127,000
Selling, general and administrative expenses .....	8,098,000	11,381,000	10,870,000
Interest expense .....	312,000	373,000	3,071,000
Other .....	314,000	58,000	2,293,000
	<u>47,074,000</u>	<u>66,391,000</u>	<u>83,034,000</u>
Income (loss) before minority interests, income taxes and extraordinary credit .....	(5,621,000)	27,675,000	29,081,000
Minority interests .....	584,000	1,091,000	971,000
Income (loss) before income taxes and extraordinary credit .....	(6,205,000)	26,584,000	28,110,000
Provision for (reduction in) income taxes .....	(2,314,000)	10,627,000	2,982,000
Income (loss) before extraordinary credit .....	(3,891,000)	15,957,000	25,128,000
Extraordinary credit — utilization of tax loss carryforwards ....	—	3,400,000	1,940,000
Net income (loss) .....	(3,891,000)	19,357,000	27,068,000
Retained earnings at beginning of year .....	63,041,000	45,164,000	18,096,000
	<u>59,150,000</u>	<u>64,521,000</u>	<u>45,164,000</u>
Cash dividends on common stock .....	1,480,000	1,480,000	—
Retained earnings at end of year .....	<u>\$57,670,000</u>	<u>\$63,041,000</u>	<u>\$ 45,164,000</u>
Income (loss) per share of common stock:			
(based on weighted average number of shares outstanding during year)			
Income (loss) before extraordinary credit .....	\$(1.31)	\$5.39	\$8.49
Extraordinary credit — utilization of tax loss carryforwards .....	—	1.15	.65
Net income (loss) .....	<u>\$(1.31)</u>	<u>\$6.54</u>	<u>\$9.14</u>

See notes to consolidated financial statements.



Atlas Corporation and its Subsidiaries

**Consolidated Balance Sheets**

June 30

	<u>1984</u>	<u>1983</u>
<b>Assets</b>		
Current assets:		
Cash and short-term investments .....	\$ 8,798,000	\$ 29,506,000
Trade accounts receivable, less allowance for doubtful accounts of \$1,060,000 in 1984 and \$768,000 in 1983 .....	9,807,000	9,438,000
Other accounts receivable .....	667,000	577,000
Inventories .....	35,408,000	28,523,000
Prepaid expenses and other current assets .....	<u>1,164,000</u>	<u>1,242,000</u>
Total current assets .....	<u>55,844,000</u>	<u>69,286,000</u>
Investment in affiliate .....	975,000	2,480,000
Property, plant and equipment:		
Mining .....	65,379,000	63,010,000
Milling .....	32,488,000	32,376,000
Manufacturing .....	<u>11,345,000</u>	<u>11,085,000</u>
Total .....	<u>109,212,000</u>	<u>106,471,000</u>
Less, Accumulated depreciation, depletion and amortization ....	<u>63,249,000</u>	<u>60,047,000</u>
.....	45,963,000	46,424,000
Other assets .....	491,000	379,000
	<u>\$103,273,000</u>	<u>\$118,569,000</u>
<b>Liabilities</b>		
Current liabilities:		
Note payable to bank .....	\$ 650,000	\$ —
Trade accounts payable .....	3,505,000	2,971,000
Income and other taxes .....	726,000	4,652,000
Customer deposits .....	291,000	2,348,000
Other accrued liabilities .....	5,241,000	6,614,000
Drillers' fees payable, current maturity .....	<u>50,000</u>	<u>1,712,000</u>
Total current liabilities .....	<u>10,463,000</u>	<u>18,297,000</u>
Drillers' fees payable .....	2,422,000	1,722,000
Other liabilities, long-term .....	3,835,000	3,683,000
Deferred federal income taxes .....	—	2,501,000
Minority interests .....	2,686,000	3,128,000
<b>Stockholders' Equity</b>		
Common Stock, par value \$1 per share; authorized 6,000,000 shares, issued and outstanding 2,959,807 shares .....	2,960,000	2,960,000
Capital in excess of par value .....	23,244,000	23,244,000
Retained earnings .....	57,670,000	63,041,000
Less, Common Stock in treasury, at cost, 231 shares .....	<u>7,000</u>	<u>7,000</u>
Total stockholders' equity .....	<u>83,867,000</u>	<u>89,238,000</u>
	<u>\$103,273,000</u>	<u>\$118,569,000</u>

See notes to consolidated financial statements.



Atlas Corporation and its Subsidiaries

**Consolidated Statements of Changes in Financial Position**  
for the years ended June 30

	<u>1984</u>	<u>1983</u>	<u>1982</u>
Working capital provided:			
From operations:			
Income (loss) before extraordinary credit .....	\$ (3,891,000)	\$15,957,000	\$25,128,000
Charges (credits) not affecting working capital:			
Depreciation, depletion and amortization .....	3,624,000	5,338,000	11,489,000
Deferred federal income taxes .....	(2,501,000)	5,901,000	1,940,000
Increase (decrease) in minority interests .....	(442,000)	643,000	(269,000)
Total from operations .....	(3,210,000)	27,839,000	38,288,000
Cost of property, plant and equipment sold .....	85,000	117,000	113,000
(Increase) decrease in investment in affiliate .....	1,505,000	(202,000)	79,000
Increase (decrease) in drillers' fees payable .....	700,000	(829,000)	(2,472,000)
Increase in other liabilities, long-term .....	152,000	196,000	936,000
Total working capital provided .....	<u>\$ (768,000)</u>	<u>\$27,121,000</u>	<u>\$36,944,000</u>
Working capital used:			
Additions to property, plant and equipment .....	\$ 3,248,000	\$ 3,028,000	\$ 6,023,000
Increase (decrease) in other assets .....	112,000	(91,000)	(610,000)
(Increase) decrease in notes payable to banks .....	—	—	24,565,000
Dividends on common stock .....	1,480,000	1,480,000	—
Increase (decrease) in working capital (as below) .....	(5,608,000)	22,704,000	6,966,000
Total working capital used .....	<u>\$ (768,000)</u>	<u>\$27,121,000</u>	<u>\$36,944,000</u>

**Working Capital Changes**

Current assets:			
Cash and short-term investments .....	\$ (20,708,000)	\$23,454,000	\$ 1,718,000
Trade accounts receivable .....	369,000	895,000	(655,000)
Other accounts receivable .....	90,000	(1,180,000)	179,000
Inventories .....	6,885,000	(1,220,000)	1,528,000
Prepaid expenses and other current assets .....	(78,000)	180,000	35,000
Net increase (decrease) .....	<u>(13,442,000)</u>	<u>22,129,000</u>	<u>2,805,000</u>
Current liabilities:			
Notes payable to banks .....	650,000	—	(3,668,000)
Trade accounts payable .....	534,000	(2,362,000)	(2,696,000)
Accrued interest .....	—	—	(1,736,000)
Income and other taxes .....	(3,926,000)	2,293,000	1,987,000
Customer deposits .....	(2,057,000)	1,952,000	63,000
Other accrued liabilities .....	(1,373,000)	(1,433,000)	1,588,000
Drillers' fees payable, current maturity .....	(1,662,000)	(1,025,000)	301,000
Net decrease .....	<u>(7,834,000)</u>	<u>(575,000)</u>	<u>(4,161,000)</u>
Increase (decrease) in working capital .....	<u>\$ (5,608,000)</u>	<u>\$22,704,000</u>	<u>\$ 6,966,000</u>

See notes to consolidated financial statements.



## Notes to Consolidated Financial Statements

### 1. Accounting Policies

*Principles of Consolidation and Investment in Affiliate* — The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries and a 55% interest in Global Associates, a joint venture. The investment in affiliate, which is accounted for on the equity method, represents the interest that Global Associates has in a Saudi Arabian company (TAFGA) performing industrial support services in the Middle East.

*Inventories* — Ores and concentrates are stated at the lower of cost, principally average, or market; manufacturing inventories are stated at the lower of first-in, first-out cost or market.

*Property, Plant and Equipment* — Stated at cost, less accumulated depreciation, depletion and amortization. Depreciation at all manufacturing facilities is calculated by the straight-line method. Depreciation of milling facilities and the depletion and amortization of mining properties are determined by the units of production method. Leasehold improvements are amortized on the straight-line basis over the terms of related leases.

Expenditures for maintenance and repairs are charged to income as incurred. Expenditures for additions, improvements, replacements, betterments and major renewals are added to the property, plant and equipment accounts. The cost of assets retired, or otherwise disposed of, and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the consolidated statements of income and retained earnings.

The investment tax credit available to the Company is applied against the current tax provision in the year it is usable on a book basis.

*Employee Retirement Plans* — The Company has several trustee and insured retirement plans covering substantially all permanent employees for which the Company provides the trusteeship and management. Required contributions to these plans of \$680,000, \$468,000 and \$517,000 in fiscal years 1984, 1983 and 1982 respectively, including the amortization of the unfunded past service costs of \$289,000, \$89,000 and \$87,000 in fiscal years 1984,

1983 and 1982 respectively, are charged to income and funded currently.

The total unfunded past service costs during fiscal years 1983 and 1982 were \$1,886,000 and \$894,000 respectively. These costs are being amortized over twenty years, utilizing a 6% interest rate.

	June 30,	
	1983	1982
Actuarial present values of accumulated plan benefits:		
Vested .....	\$4,663,000	\$3,174,000
Nonvested .....	158,000	92,000
	<u>\$4,821,000</u>	<u>\$3,266,000</u>
Net assets available for plan benefits .....	<u>\$4,103,000</u>	<u>\$3,081,000</u>

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8% for both fiscal years 1983 and 1982.

Effective January 1, 1983, the Company's 1978 Retirement Plan was amended to increase future annual pension benefits. The Plan's actuary estimates that the effect of the amendments on the actuarial present value of accumulated plan benefits at June 30, 1983 was an increase of approximately \$1,331,000, primarily attributable to an increase in vested benefits.

*Exploration* — Costs incurred in the search for new mining operations are charged to income when incurred.

*Reclamation Expense* — In connection with the renewal of a license to operate its Moab, Utah mill, the Company is obligated to stabilize and reclaim its mill tailings pond. Reclamation will take place after the mill is permanently shut down. Reclamation costs are calculated using a rate based on total estimated reclamation costs, units of production and estimates of recoverable reserves. Reclamation expense charged to cost of sales amounted to \$39,000 in fiscal year 1984, \$464,000 in fiscal 1983 and \$552,000 in fiscal 1982.

### 2. Notes Payable to Banks

On March 15, 1982 the Company paid the remaining amount outstanding under its secured credit agreement with Manufacturers Hanover Trust Company. The Company and Manufacturers Hanover Trust Company have a \$10,000,000 revolving credit



agreement which expires on November 10, 1984. There are alternative methods of computing interest under this agreement — the maximum of which is the prime rate as publicly announced from time to time by Manufacturers Hanover Trust Company. The Company may not pay cash dividends on its common stock in any fiscal year in excess of \$4 million without consent of the bank.

A subsidiary of the Company has a \$2,500,000 line of credit with another bank which expires on January 31, 1985. Borrowings against this line bear interest at that bank's prime interest rate, and the

amount of such borrowings was \$650,000 at June 30, 1984.

There were no notes payable by the Company to banks during fiscal years 1984 or 1983 other than those mentioned above. The maximum short-term notes outstanding at any month-end during fiscal year 1982 were \$4,800,000. The average short-term notes outstanding during fiscal year 1982 were \$5,665,000.

The weighted average interest rate during fiscal year 1982 was 18.4%. This rate was computed based on daily outstanding balances.

### 3. Inventories

Inventories consist of the following:

	June 30, 1984			June 30, 1983		
	Natural Resources	Manufacturing	Total	Natural Resources	Manufacturing	Total
Raw materials .....	\$ 4,316,000	\$ 1,332,000	\$ 5,648,000	\$ 5,232,000	\$ 1,350,000	\$ 6,582,000
Work in process .....	425,000	199,000	624,000	1,646,000	167,000	1,813,000
Finished goods .....	25,898,000	921,000	26,819,000	16,437,000	910,000	17,347,000
Other .....	2,310,000	7,000	2,317,000	2,774,000	7,000	2,781,000
	<u>\$32,949,000</u>	<u>\$ 2,459,000</u>	<u>\$35,408,000</u>	<u>\$26,089,000</u>	<u>\$ 2,434,000</u>	<u>\$28,523,000</u>

### 4. Drillers' Fees Payable

"Drillers' fees payable" in the Consolidated Balance Sheets as of June 30, 1984 and June 30, 1983 represents the estimated amount owed to certain contract drillers under an agreement (the Agreement) for services performed in connection with the development of certain unpatented mining claims owned by the Company. This liability, which is being paid quarterly, was estimated based on the quantity of uranium in concentrate which the Company plans to mine from such mining claims and feed to process through September 1985. While interest is not stated in the Agreement, in accordance with generally accepted accounting principles interest was imputed at a rate of 8% per annum, the generally prevailing rate at the date of the Agreement.

### 5. Stockholders' Equity

The Company is authorized to issue 1,000,000 shares of Series Preferred Stock, par value \$1.00, issuable in series, with designations, rights and preferences to be fixed by the Board of Directors at the time of the issuance. No shares of this class of preferred stock have been issued.

During the three years ended June 30, 1984, 1,004,506 shares of the Company's common stock were reserved for option warrants to purchase, at any time, common stock at \$31.25 per share.

There were no changes in value of common stock, capital in excess of par value or treasury stock during the three years ended June 30, 1984.

### 6. Employee Incentive Plans

On November 20, 1979, the stockholders of the Company approved the 1979 Key Employee Stock Incentive Plan (the Plan), which provides that key employees may be granted options to purchase an aggregate of 145,000 shares of common stock at the fair value of the shares on the date of grant. Through June 30, 1984, 128,500 options had been granted under the Plan. Options may become exercisable beginning one year after the date of grant and are exercisable for a maximum term of ten years from the date of grant. No options may be granted after December 31, 1989.

Under the terms of the Plan, options granted include stock appreciation rights which allow the holder to receive the value of the difference between



the exercise price and the fair market value of the stock at the date of exercise. Under the Plan, the options and appreciation rights are granted in tandem form whereby the exercise of one cancels the other. The value of the appreciation rights may be received, at the optionee's election, either in shares of common stock or up to 50% in cash and the remainder in shares of common stock.

On January 3, 1980, options to purchase 72,000 shares of common stock were granted at an exercise price of \$17.50 per share of which 10,000 shares have been cancelled; on October 15, 1980, options to purchase 7,000 shares of common stock were granted at an exercise price of \$17.125 per share; on September 28, 1981, options to purchase 39,500 shares of common stock were granted at an exercise price of \$11.00 per share; and on January 5, 1983, options to purchase 10,000 shares of common stock were granted at an exercise price of \$19.50 per share. The exercise prices are equal to the market value of the common stock on the date of grant. At June 30, 1984, 98,667 options were exercisable in connection with the Plan; however, no options were exercised during fiscal years 1984, 1983 or 1982. In connection with the Plan no charges to income were made in fiscal year 1982; in fiscal year 1983, \$850,000 was charged to income; and in fiscal year 1984, \$741,000 was credited to income.

## 7. Income Taxes

	<u>1984</u>	<u>1983</u>	<u>1982</u>
The components of the provision for (reduction in) income taxes are as follows:			
Federal:			
Currently payable \$	73,000	\$ 4,000,000	\$ 500,000
Deferred	(2,501,000)	5,901,000	1,940,000
State	156,000	299,000	542,000
Foreign	(42,000)	427,000	—
	<u>\$(2,314,000)</u>	<u>\$10,627,000</u>	<u>\$ 2,982,000</u>

The principal factors contributing to the provision for deferred federal income taxes for fiscal years 1983 and 1982 are deferred mine development costs.

The Company files a consolidated federal income tax return. For the purpose of computing income subject to federal income taxes, the Company is allowed statutory depletion deductions in excess of those computed for financial reporting purposes. The Company also uses accelerated depreciation methods and had previously deducted development expenses for federal income tax purposes. Accordingly, at June 30, 1984, the Company had substantial tax operating loss carryforwards. The book loss carryforward of approximately \$920,000 expires in 1999 and the tax loss carryforwards expire in 1994, 1995 and 1999 if not previously utilized.

At June 30, 1984, the Company had a book investment credit carryforward of approximately \$250,000 and substantial investment credit carryforwards for tax purposes. These investment credit carryforwards expire ratably from 1989 through 1999 if not previously utilized. When the tax operating loss and investment credit carryforwards in excess of the book amounts are used, the resulting benefits will be credited to deferred federal income taxes.

	<u>% to Pretax</u>		
	<u>1984</u>	<u>1983</u>	<u>1982</u>
Reconciliation of the provision for income taxes:			
Provision for (reduction in) income taxes at statutory rate	(46)	46	46
Increase (decrease) in rate resulting from:			
Investment tax credit	—	—	(14)
Excess of statutory depletion over book amounts	—	(24)	(24)
Federal minimum tax	—	15	2
Increase in rate resulting from limitation on carryback of operating loss	7	—	—
Other	<u>2</u>	<u>3</u>	<u>1</u>
	<u>(37)</u>	<u>40</u>	<u>11</u>



## 8. Quarterly Financial Data (Unaudited)

	Three Months Ended				
	1983		1984		Total
	September 30	December 31	March 31	June 30	
Sales .....	\$ 6,668,000	\$ 9,765,000	\$ 9,749,000	\$ 9,671,000	\$35,853,000
Gross profit (loss) before deducting depreciation, depletion & amortization .....	(101,000)	721,000	(1,227,000)	(1,390,000)	(1,997,000)
Depreciation, depletion and amortization ...	857,000	1,402,000	968,000	397,000	3,624,000
Loss before extraordinary credit .....	(742,000)	(384,000)	(1,250,000)	(1,515,000)	(3,891,000)
Extraordinary credit — utilization of tax loss carryforwards .....	—	—	—	—	—
Net loss .....	(742,000)	(384,000)	(1,250,000)	(1,515,000)	(3,891,000)
Per share data:					
Loss before extraordinary credit .....	\$(.25)	\$(.13)	\$(.42)	\$(.51)	\$ (1.31)
Extraordinary credit — utilization of tax loss carryforwards .....	—	—	—	—	—
Net loss .....	<u><u>\$(.25)</u></u>	<u><u>\$(.13)</u></u>	<u><u>\$(.42)</u></u>	<u><u>\$(.51)</u></u>	<u><u>\$ (1.31)</u></u>

The Company provided inventory reserves of \$1,120,000 in the second quarter and \$1,148,000 in the fourth quarter as a result of the market value of uranium being below the Company's cost. The income of the second, third and fourth quarters was increased by \$652,000, \$53,000 and \$36,000, respectively, as a result of the reversal of a provision recorded in a prior year in connection with the 1979 Key Employee Stock Incentive Plan.

	Three Months Ended				
	1982		1983		Total
	September 30	December 31	March 31	June 30	
Sales .....	\$32,079,000	\$34,838,000	\$12,746,000	\$ 7,408,000	\$87,071,000
Gross profit before deducting depreciation, depletion and amortization .....	15,185,000	16,185,000	1,257,000	386,000	33,013,000
Depreciation, depletion and amortization ...	1,856,000	1,412,000	722,000	1,348,000	5,338,000
Income (loss) before extraordinary credit ..	8,419,000	8,811,000	209,000	(1,482,000)	15,957,000
Extraordinary credit — utilization of tax loss carryforwards .....	3,400,000	—	—	—	3,400,000
Net income (loss) .....	11,819,000	8,811,000	209,000	(1,482,000)	19,357,000
Per share data:					
Income (loss) before extraordinary credit .....	\$2.84	\$2.98	\$ .07	\$ (.50)	\$ 5.39
Extraordinary credit — utilization of tax loss carryforwards .....	1.15	—	—	—	1.15
Net income (loss) .....	<u><u>\$3.99</u></u>	<u><u>\$2.98</u></u>	<u><u>\$ .07</u></u>	<u><u>\$ (.50)</u></u>	<u><u>\$ 6.54</u></u>

The Company's sales and income for the periods set forth are not necessarily indicative of the results for any future period because revenues and profits from sales of uranium in concentrate may vary significantly between periods depending upon the Company's ability to make sales and the delivery schedules, quantities and sales prices involved.



## 9. Industry Segment Information

	Natural Resources (Note b)	Shoe Parts	Building Products	Services (Note c)	Other (Note a)	Total
Year ended June 30, 1984						
Revenue from unaffiliated customers . . . .	\$ 7,519,000	\$13,194,000	\$15,758,000	\$ 1,796,000	\$ 3,186,000	\$ 41,453,000
Income (loss) before income taxes and extraordinary credit . . . . .	(8,665,000)	687,000	970,000	705,000	98,000	(6,205,000)
Depreciation, depletion and amortization	2,894,000	328,000	214,000	131,000	57,000	3,624,000
Capital expenditures . . . . .	2,716,000	205,000	112,000	181,000	34,000	3,248,000
Assets as of June 30, 1984						
Identifiable . . . . .	\$73,585,000	\$ 5,698,000	\$ 6,897,000	\$ 8,175,000	\$ 1,180,000	\$ 95,535,000
Corporate . . . . .	—	—	—	—	7,738,000	7,738,000
	<u>\$73,585,000</u>	<u>\$ 5,698,000</u>	<u>\$ 6,897,000</u>	<u>\$ 8,175,000</u>	<u>\$ 8,918,000</u>	<u>\$103,273,000</u>
Year ended June 30, 1983						
Revenue from unaffiliated customers . . . .	\$60,187,000	\$12,730,000	\$14,431,000	\$ 3,129,000	\$ 3,589,000	\$ 94,066,000
Income (loss) before income taxes and extraordinary credit . . . . .	25,422,000	953,000	598,000	1,215,000	(1,604,000)	26,584,000
Extraordinary credit—utilization of tax loss carryforwards . . . . .	—	—	—	—	3,400,000	3,400,000
Depreciation, depletion and amortization	4,637,000	339,000	213,000	91,000	58,000	5,338,000
Capital expenditures . . . . .	2,528,000	178,000	146,000	158,000	18,000	3,028,000
Assets as of June 30, 1983						
Identifiable . . . . .	\$66,787,000	\$ 6,259,000	\$ 5,822,000	\$10,815,000	\$ 1,163,000	\$ 90,846,000
Corporate . . . . .	—	—	—	—	27,723,000	27,723,000
	<u>\$66,787,000</u>	<u>\$ 6,259,000</u>	<u>\$ 5,822,000</u>	<u>\$10,815,000</u>	<u>\$28,886,000</u>	<u>\$118,569,000</u>
Year ended June 30, 1982						
Revenue from unaffiliated customers . . . .	\$77,152,000	\$18,425,000	\$12,041,000	\$ 3,076,000	\$ 1,421,000	\$112,115,000
Income (loss) before income taxes and extraordinary credit . . . . .	31,402,000	3,136,000	119,000	1,082,000	(7,629,000)	28,110,000
Extraordinary credit—utilization of tax loss carryforwards . . . . .	—	—	—	—	1,940,000	1,940,000
Depreciation, depletion and amortization	10,763,000	356,000	259,000	48,000	63,000	11,489,000
Capital expenditures . . . . .	4,971,000	906,000	66,000	68,000	12,000	6,023,000
Assets as of June 30, 1982						
Identifiable . . . . .	\$71,379,000	\$ 6,756,000	\$ 6,102,000	\$ 8,191,000	\$ 1,197,000	\$ 93,625,000
Corporate . . . . .	—	—	—	—	5,131,000	5,131,000
	<u>\$71,379,000</u>	<u>\$ 6,756,000</u>	<u>\$ 6,102,000</u>	<u>\$ 8,191,000</u>	<u>\$ 6,328,000</u>	<u>\$ 98,756,000</u>

Note a — In the opinion of the Company, it is not practical to allocate corporate income and expense to the various industry segments except on an arbitrary basis.

	1984	1983	1982
Note b — Revenue from Significant Customers			
Boston Edison Company . . . . .	\$ 5,933,000	\$ —	\$10,149,000
Georgia Power Company . . . . .	\$ —	\$47,657,000	\$64,093,000
Note c — Unconsolidated Affiliate of Global Associates net of minority interests			
Geographic Location: Saudi Arabia			
Equity in the net income (loss) . . . . .	\$ (24,000)	\$ 287,000	\$ 936,000
Investment in the net assets . . . . .	\$ 536,000	\$ 1,364,000	\$ 1,253,000



## 10. Details of Certain Balance Sheet Captions

Other accrued liabilities include \$1,070,000 in fiscal 1984 and \$1,566,000 in fiscal 1983 related to accrued compensation, \$828,000 in fiscal 1984 and \$259,000 in fiscal 1983 related to accrued pension,

and \$971,000 in fiscal 1984 and \$789,000 in fiscal 1983 related to accrued insurance reserves.

Other liabilities, long-term includes \$2,198,000 in fiscal 1984 and \$2,048,000 in fiscal 1983 related to a surety agreement.

## 11. Mineral Reserve and Price Information

(Unaudited)

The following information has been presented in accordance with the Statement of Financial Accounting Standards No. 39 entitled "Financial Reporting and Changing Prices: Specialized Assets — Mining and Oil and Gas" in an effort to help readers assess the amounts, timing, and uncertainties of future cash flows to companies from mining activities. The FASB has characterized this disclosure requirement as experimental in nature. Therefore, the information is not intended to reflect the current values or changes in the current values of mineral reserves.

	June 30,		
	1984	1983	1982
<i>Mineral Reserve Data:</i>			
Proved ore-bearing properties (Grade range — 0.08% to 0.56% per ton of U308) in tons	4,195,000	3,335,000	2,172,000
Uranium in concentrate in pounds			
Production	821,000	1,333,000	1,889,000
Sales	308,000	1,386,000	1,666,000
Average market price	\$19.30	\$42.62	\$44.46
Vanadium pentoxide in pounds			
Production	2,204,000	2,829,000	3,179,000
Sales	2,783,000	1,405,000	3,506,000
Average market price	\$ 2.36	\$ 3.06	\$ 3.40

In some cases there are outstanding royalty and other interests which increase the costs of production from the Company's reserves. While there are certain claims of third parties which could reduce the rights of the Company in certain of its reserves, the Company believes it has substantially more than a majority interest in all of its principal properties.

The amount and grade of the ore reserves referred to above were computed using sample data obtained at underground workings within developed ore bodies and by using radiometric and chemical data from holes drilled from the surface. Correlation with actual uranium concentration has been established, to the extent possible, by chemical assay and by the amount of U308 contained in ore tonnage processed to date by the Company's mill. The extent to which such ore reserves will be mined depends upon such factors as the nature and extent of the market for uranium in concentrate, mining and milling costs, the clarification of title with respect to certain properties, various conditions affecting uranium mining and the ability of the Company to obtain sales on a profitable basis, none of which can be accurately predicted.



## 12. Supplemental Information on Changing Prices (Unaudited)

### Statement of Income Adjusted for Changing Prices for the Year Ended June 30, 1984

	As Reported in the Primary Statements	Adjusted for General Inflation	Adjusted for Changes in Specific Prices (Current Costs)
Net sales and other operating revenues	\$41,453,000	\$ 41,453,000	\$ 41,453,000
Cost of sales	32,234,000	33,176,000	32,234,000
Depreciation, depletion and amortization	3,624,000	14,496,000	13,890,000
Exploration and prospecting costs	2,492,000	2,492,000	2,492,000
Selling, general and administrative expenses	8,098,000	8,098,000	8,098,000
Interest expense	312,000	312,000	312,000
Other expense	314,000	314,000	314,000
	<u>47,074,000</u>	<u>58,888,000</u>	<u>57,340,000</u>
Loss before minority interests, income taxes and extraordinary credit	(5,621,000)	(17,435,000)	(15,887,000)
Minority interests	584,000	584,000	584,000
Loss before income taxes and extraordinary credit	(6,205,000)	(18,019,000)	(16,471,000)
Reduction in income taxes (not adjusted)	(2,314,000)	(2,314,000)	(2,314,000)
Loss before extraordinary credit	(3,891,000)	(15,705,000)	(14,157,000)
Extraordinary credit—utilization of tax loss carryforwards	—	—	—
Net loss	<u>\$(3,891,000)</u>	<u>\$(15,705,000)</u>	<u>\$(14,157,000)</u>
Gain from decline in purchasing power of net amounts owed		\$ 357,000	\$ 357,000
Excess of increase in specific prices over increase in general price level			<u>\$ 163,000</u>

### Five-Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices (In Average 1984 Dollars)

	For Year Ended June 30				
	1984	1983	1982	1981*	1980*
Net sales and other operating revenues	\$ 41,453,000	\$ 97,520,000	\$ 121,262,000	\$ 109,731,000	\$ 115,542,000
Historical cost information adjusted for general inflation					
Income (loss) before extraordinary credit	\$(15,705,000)	\$ 10,186,000	\$ 21,930,000	\$ 2,480,000	\$ (5,387,000)
Income (loss) before extraordinary credit per com- mon share	\$(5.31)	\$3.44	\$7.41	\$ .84	\$(1.82)
Net assets at year-end	\$122,593,000	\$138,394,000	\$127,894,000	\$ 98,551,000	\$ 95,084,000
Cash dividends declared per common share	\$ .50	\$ .52	—	—	—
Market price per common share at year-end	14%	27%	13%	16%	16%
Average consumer price index	304.9	294.1	281.9	259.4	232.3
Purchasing power gain	\$ 357,000	\$ 295,000	\$ 1,966,000	\$ 4,237,000	\$ 7,565,000
Historical cost information adjusted for changes in specific prices					
Income (loss) before extraordinary credit	\$(14,157,000)	\$ 11,765,000	\$ 24,716,000	\$ 5,395,000	
Income (loss) before extraordinary credit per common share	\$(4.78)	\$3.97	\$8.35	\$1.82	
Excess of increase in general price level over in- crease in the specific prices	—	\$ 2,640,000	—	\$ 5,597,000	
Excess of increase in the specific prices over increase in general price level	\$ 163,000	—	\$ 605,000	—	
Net assets at year-end	\$118,786,000	\$134,533,000	\$123,359,000	\$ 93,823,000	

\* Adjusted to reflect change in the method of accounting for vanadium pentoxide. See adjustment set forth in "Five-Year Selected Financial Data".

In accordance with the Statement of Financial Accounting Standards No. 33 entitled "Financial Reporting and Changing Prices", supplementary information has been prepared restating inventory, property, plant and equipment, cost of goods sold, and depreciation, depletion and amortization expense for changes in the Consumer Price Index (CPI) and specific prices up to June 30, 1984. The current cost amounts of inventory, which include inventory reserves of \$2,268,000, and property, plant and equipment as of June 30, 1984, were \$35,408,000 and \$83,144,000 respectively.

The objective of this additional disclosure is to provide information on the most significant effects of inflation on business enterprises, reflected through the constant dollar and current cost presentations above. Financial information that reflects changes in general purchasing power can provide an improved basis for assessing whether an enterprise has maintained the purchasing power of its capital, as is demonstrated above by the gain on net monetary liabilities that are repayable in dollars of diminishing purchasing power. The current cost amounts do not necessarily represent costs which will be incurred in future periods, or the manner in which actual replacement of assets will occur.



**Report of  
Independent  
Auditors**

To the Board of Directors and Stockholders of  
ATLAS CORPORATION

We have examined the consolidated balance sheets of ATLAS CORPORATION and its SUBSIDIARIES as of June 30, 1984 and 1983, and the related consolidated statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The consolidated statements of income and retained earnings and changes in financial position of ATLAS CORPORATION and its SUBSIDIARIES for the year ended June 30, 1982 were examined by other auditors whose report dated August 31, 1982, expressed an unqualified opinion on those statements.

In our opinion, the 1984 and 1983 financial statements referred to above present fairly the consolidated financial position of Atlas Corporation and its Subsidiaries as of June 30, 1984 and 1983, and the consolidated results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

New York, New York  
August 29, 1984

*Ernst & Whinney*

**Market  
Information  
and Dividends**

Common Stock  
(Listed on the New  
York Stock Exchange,  
Symbol AZ)

Quarter Ended	Fiscal 1984		Fiscal 1983	
	High	Low	High	Low
September 30 .....	30	22 <sup>3</sup> / <sub>4</sub>	15 <sup>5</sup> / <sub>8</sub>	10 <sup>1</sup> / <sub>8</sub>
December 31 .....	24	17	20 <sup>3</sup> / <sub>8</sub>	14 <sup>7</sup> / <sub>8</sub>
March 31 .....	18 <sup>3</sup> / <sub>4</sub>	14 <sup>1</sup> / <sub>2</sub>	21 <sup>3</sup> / <sub>4</sub>	18 <sup>3</sup> / <sub>8</sub>
June 30 .....	20	15 <sup>1</sup> / <sub>8</sub>	28 <sup>3</sup> / <sub>8</sub>	18 <sup>5</sup> / <sub>8</sub>

In fiscal 1984, a dividend of 25¢ per share was paid on the Common Stock on January 3, 1984, and another dividend of 25¢ per share was paid on July 5, 1984. In fiscal 1983, a dividend of 25¢ per share was paid on the Common Stock on December 15, 1982, and another dividend of 25¢ per share was paid on June 30, 1983. At June 30, 1984, there were approximately 26,000 holders of record of the Common Stock.

**Five-Year  
Selected  
Financial Data**

	For the Year Ended June 30				
	1984	1983	1982	1981	1980
Net sales and other operating revenues . . .	\$ 41,453,000	\$ 94,066,000	\$ 112,115,000	\$ 93,356,000	\$ 88,030,000
Income (loss) before extraordinary credit .	\$ (3,891,000)	\$ 15,957,000	\$ 25,128,000	\$ 7,852,000	\$ 1,158,000
Income (loss) before extraordinary credit per common share.	\$ (1.31)	\$ 5.39	\$ 8.49	\$ 2.65	\$ .38
Total assets .....	\$103,273,000	\$118,569,000	\$ 98,756,000	\$102,219,000	\$100,133,000
Long-term obligations and redeemable preferred stock .....	\$ 6,257,000	\$ 5,405,000	\$ 6,038,000	\$ 32,139,000	\$ 38,201,000
Cash dividends declared per common share .....	\$ .50	\$ .50	—	—	—
Adjustment to Net sales and other operating revenues pertaining to change in method of accounting for vanadium pentoxide . .	—	—	—	\$ 7,073,000	\$ 7,442,000



## Management's Discussion and Analysis of Financial Condition and Results of Operations

The following comments should be read in conjunction with the Letter to Stockholders from the Chairman of the Board and President on Pages 2 through 4 and the Consolidated Financial Statements and accompanying notes on Pages 5 through 14.

Sales in 1984 were \$35,853,000, a decrease of 59% from 1983. The decrease in sales for 1984 was primarily attributable to the natural resources segment of the business, partially offset by an increase in sales of the remaining segments of the business. The natural resources segment had no significant sales of uranium in concentrate during the fiscal year ended June 30, 1984. During April 1984, the Company placed its Moab, Utah processing mill and its operating mines on a stand-by basis pending improvement in the market for sales of uranium in concentrate.

Sales in 1983 were \$87,071,000, a decrease of 17% from 1982. The decrease in sales for 1983 was primarily attributable to the natural resources and shoe parts segments of the business, partially offset by an increase in sales of the building products segment due to increased commercial and residential construction activity as a result of a reduction in interest rates. The decrease in sales of the natural resources segment was primarily due to a lower sales volume of uranium in concentrate as a result of the Company's last remaining high-priced contract expiring on December 31, 1982. The decrease in sales for the shoe parts segment was the result of an overall reduction in the level of operations principally attributable to a decrease in the unit volume sold due to the lack of demand for cowboy boot heels, partially offset by a greater demand for components of athletic footwear.

Cost of sales decreased in 1984 primarily due to the substantial decrease in sales of uranium in concentrate referred to above, partially offset by a reduction in the carrying value of uranium in concentrate inventories and employee termination and other expenses incurred in connection with placing the Company's mill and mines on a stand-by basis.

Cost of sales decreased in 1983 primarily due to a decrease in the volume of uranium in concentrate sold. There was a reduction in the unit cost of these concentrates primarily because of higher grades of ore processed and increased efficiency in production at the Company's Moab, Utah uranium and vanadium processing plant. There was also a decrease in the volume of vanadium pentoxide sold, the sales of which are being charged against cost of sales.

The remaining costs and expenses of the Company's uranium and vanadium operations

as well as its other businesses remained relatively stable as a percentage of sales.

Interest expense decreased in both 1984 and 1983 because there were no significant outstanding bank borrowings.

The Company's net income decreased in 1984 primarily due to the reasons described above. The Company's net income decreased in 1983 primarily due to an additional provision for income taxes and to the reasons described above.

The Company's sales and income for the periods set forth are not necessarily indicative of the results for any future period because revenues and profits from sales of uranium in concentrate may vary significantly between periods depending upon the Company's ability to make sales and the delivery schedules, quantities and sales prices involved.

The Company's highest priced uranium sales contract expired December 31, 1982. In comparison to the period prior to December 31, 1982, the Company had contracts to sell significantly lower amounts of uranium in concentrate at significantly lower sales prices, and the Company is completing the sale of its relatively modest remaining inventory of vanadium pentoxide. The Company has enough uranium in concentrate in inventory to meet its sales commitments and has additional inventory to make sales into the uranium market if attractive opportunities arise.

Working capital was \$45,381,000 at June 30, 1984 and \$50,989,000 at June 30, 1983. Working capital at June 30, 1982 was \$28,285,000. The Company's current ratio was 5.34 to 1 at June 30, 1984, 3.79 to 1 at June 30, 1983 and 2.50 to 1 at June 30, 1982.

The Company's capital expenditures in 1984 were \$3,248,000, compared with \$3,028,000 in 1983 and \$6,023,000 in 1982. In each year, most of these capital expenditures have been for the development of mining properties and modernization of milling facilities. In 1985, capital expenditures are expected to be minimal while the Company's mill and mines are on a stand-by basis. The Company believes that for the foreseeable future it can meet the stand-by costs of its mill and mines from funds on hand and funds generated internally in the future.

For information regarding the impact of inflation on the Company for the fiscal year ended June 30, 1984, see Note 12 to the Consolidated Financial Statements on Page 14. It should be noted that while inflation does not have an impact on the revenues of the natural resources segment, its costs of materials and labor are subject to inflationary pressures as are the revenues and costs of the Company's other segments.



**Atlas Corporation**

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Princeton, N. J. 08540